

90

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
STANDALONE FINANCIAL STATEMENT
For the year ended 31 December 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL TECHNOLOGIES CZECH REPUBLIC s.r.o. ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement and the Statement of Changes in Equity for the year then ended December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

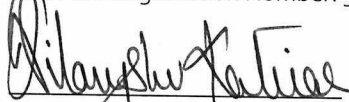
Other matters

This report covering the financial statements of the Company for the year ended December 31, 2017 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 1 (a) to the financial statements of the company, which describes the basis of accounting and the related audit covered by the report was carried out following the generally accepted auditing principles in India. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

CAL Firm Registration Number: 301003E/E300005



per Nilangshu Katriar

Partner

Membership Number: 58814



Place: Gurgaon

Date: July 12, 2018

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Balance Sheet as at 31 December 2017

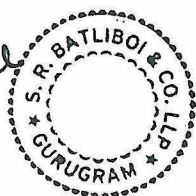
	Note No.	As at 31 December 2017 (CZK)	As at 31 December 2016 (CZK)	As at 31 December 2017 (Refer note 1(a)) (₹)
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	2.1	684,556	7,858,802	2,050,658
(b) Financial Assets				
(i) Security Deposit	2.2	-	1,838,493	-
(c) Deferred tax assets (net)	2.18	2,156,358	-	6,459,587
(2) Current assets				
(a) Inventories	2.3	17,130	-	51,315
(b) Financial Assets				
(i) Trade receivables	2.4	47,914,534	25,296,642	143,532,778
(ii) Cash and cash equivalents	2.5	-	13,541,153	-
(iii) Others	2.2	6,816,126	8,151,595	20,418,388
(c) Other current assets	2.6	3,303,785	1,496,804	9,896,818
TOTAL ASSETS		60,892,489	58,183,489	182,409,544
II. EQUITY				
(a) Equity Share Capital	2.7	18,245,535	18,245,535	54,656,325
(b) Other Equity		(10,223,576)	(4,104,124)	(30,625,742)
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	2.8	9,226,888	13,510,500	27,640,066
(ii) Trade payables	2.9	14,858,693	11,823,810	44,510,701
(iii) Others	2.10	27,355,104	18,067,622	81,944,950
(b) Other current liabilities	2.11	540,994	530,454	1,620,602
(c) Provisions	2.12	888,851	109,692	2,662,642
TOTAL EQUITY AND LIABILITIES		60,892,489	58,183,489	182,409,544
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
 ICAI Firm Registration Number : 301003E/E300005
 Chartered Accountants

per Nilangshu Katriar
 Partner
 Membership Number: 58814



Gurgaon, India
 Date: 12 July 2018

For and on behalf of the Board of Directors
 HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Bejoy George
 Director

Shiv Walia
 Director

Date: 12 July 2018

WV

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Profit and Loss for the year ended 31 December 2017

	Note No.	Year ended 31 December 2017 (CZK)	Year ended 31 December 2016 (CZK)	Year ended 31 December 2017 (Refer note 1(a)) (₹)
I Revenue				
Revenue from operations	2.13	181,000,982	44,528,482	542,206,542
Total income		<u>181,000,982</u>	<u>44,528,482</u>	<u>542,206,542</u>
II Expenses				
Purchase of stock in trade		28,274	-	84,697
Changes in inventories of stock in trade	2.14	(17,130)	-	(51,316)
Employee benefits expense	2.15	19,903,018	1,508,276	59,621,480
Finance costs	2.16	388,525	209,326	1,163,865
Depreciation and amortization expense	2.1	717,384	1,375,888	2,148,995
Outsourcing costs		137,339,631	32,259,704	411,414,599
Other expenses	2.17	30,917,090	12,332,305	92,615,235
Total expenses		<u>189,276,792</u>	<u>47,685,499</u>	<u>566,997,555</u>
III Loss before tax		<u>(8,275,810)</u>	<u>(3,157,017)</u>	<u>(24,791,013)</u>
IV Tax expense				
Deferred tax credit	2.19	2,156,358	-	6,459,585
Total tax expense		<u>(2,156,358)</u>	<u>-</u>	<u>(6,459,585)</u>
V Loss for the year		<u>(6,119,452)</u>	<u>(3,157,017)</u>	<u>(18,331,428)</u>
VI Other comprehensive income				
Items that will not be reclassified to profit or loss		-	-	-
Items that will be reclassified subsequently to profit or loss		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
VII Total Comprehensive Income for the year		<u>(6,119,452)</u>	<u>(3,157,017)</u>	<u>(18,331,428)</u>
Loss per equity share of CZK 1 each				
Basic and diluted	2.21	(0.34)	(0.29)	(1.00)

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurgaon, India

Date: 12 July 2018

For and on behalf of the Board of Directors

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Bejoy George
Bejoy George
Director

Shiv Walia
Shiv Walia
Director

Date: 12 July 2018

WLC

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Statement of Changes in Equity for the year ended 31 December 2017

(Amount in CZK)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as of 1 January, 2016	1,365,000	1,365,000	(947,107)
Issued during the year	16,880,535	16,880,535	-
Loss for the year	-	-	(3,157,017)
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	18,245,535	18,245,535	(4,104,124)
Balance as of 31 December, 2016	18,245,535	18,245,535	(4,104,124)
Balance as of 1 January, 2017	18,245,535	18,245,535	(4,104,124)
Loss for the year	-	-	(6,119,452)
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	(6,119,452)
Balance as of 31 December, 2017	18,245,535	18,245,535	(10,223,576)

(Amount in ₹)

	Equity share capital		Other Equity
	Shares	Share capital	
Balance as of 1 January, 2017	18,245,535	54,656,325	(12,294,313)
Loss for the year	-	-	(18,331,429)
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	18,245,535	54,656,325	(18,331,429)
Balance as of 31 December, 2017	18,245,535	54,656,325	(30,625,742)

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

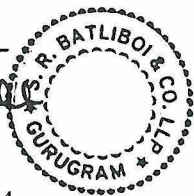
As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



For and on behalf of the Board of Directors

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Bejoy George
Bejoy George
Director

Shiv Walia
Shiv Walia
Director

Gurgaon, India

Date: 12 July 2018

Date: 12 July 2018

WV

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Statement of Cash flow for the year ended 31 December 2017

	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2017 (Refer note 1(a))
	(CZK)	(CZK)	(₹)
A. Cash flows from operating activities			
Loss before tax	(8,275,810)	(3,157,017)	(24,791,018)
Adjustment for:			
Depreciation and amortization	717,384	1,375,888	2,148,995
Loss on sale of property, plant and equipment	4,119,297	-	12,339,766
Interest expenses	189,754	183,310	568,427
Operating profit before working capital changes	(3,249,375)	(1,597,819)	(9,733,830)
Movement in Working Capital			
(Increase)/decrease in trade receivables	(22,617,892)	(25,296,642)	(67,754,158)
(Increase)/decrease in inventories	(17,130)	-	(51,315)
(Increase)/decrease in other financial assets and other assets	4,305,028	(9,996,312)	12,896,140
Increase/ (decrease) in trade payables	3,034,883	11,823,810	9,091,294
Increase/ (decrease) in provisions, other financial liabilities and other liabilities	10,077,179	18,130,465	30,187,202
Cash used in operations	(8,467,307)	(6,936,498)	(25,364,667)
Direct taxes paid (net of refunds)	-	-	-
Net cash flow used in operating activities (A)	(8,467,307)	(6,936,498)	(25,364,667)
B. Cash flows from investing activities			
Purchase of property, plant and equipment	(725,343)	(8,936,274)	(2,172,838)
Proceeds from sale of property, plant and equipment	124,863	-	374,039
Net cash flow used in investing activities (B)	(600,480)	(8,936,274)	(1,798,799)
C. Cash flows from financing activities			
Proceeds from issue of share capital	-	16,880,535	-
Proceeds from short term borrowings	9,226,888	12,475,500	27,640,066
Repayment of short term borrowings	(13,510,500)	-	(40,472,054)
Interest paid	(189,754)	(186,470)	(568,427)
Net cash flow used in financing activities (C)	(4,473,366)	29,169,565	(13,400,415)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(13,541,153)	13,296,793	(40,563,881)
Cash and cash equivalents at the beginning of the year	13,541,153	244,360	40,563,881
Cash and cash equivalents at the end of the year as per note 2.5	-	13,541,153	-


Summary of significant accounting policies (Note 1)

The accompanying notes are an integral part of the financial statements

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants


per Nilangshu Katriar
Partner
Membership Number: 58814



Gurgaon, India
Date: 12 July 2018

For and on behalf of the Board of Directors
HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.


Bejoy George
Director


Shiv Walia
Director

Date: 12 July 2018



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

Company Overview

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o. (hereinafter referred to as 'Company') is a Business Transformation consultancy company aiming to provide medium and large size organizations with Business Transformation solutions that encompass all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 28 August 2015 in Czech Republic.

The financial statements for the year ended 31 December 2017 were approved and authorized for issue by the Board of Directors on 12 July 2017.

1. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as applicable to the HCL Technologies Limited (ultimate holding company).

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

The functional currency of the Company is CZK. The translation from CZK to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of CZK 1 = ₹ 2.9956/-, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, CZK at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

c) Leases

Where the Company is the lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the assets as a whole.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing fixed assets, including day - to - day repairs, maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment under construction and cost of assets not ready for use before the year-end, are disclosed as capital work - in - progress.

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

The management's estimates of the useful life of following assets for computing depreciation are as follows: -

	Life (in years)
Computer	4-5
Plant and equipment	10
Office equipment's	5
Furniture and fixtures	7
Leasehold-improvements	Over the lease period or useful life of the asset, whichever is lower

The useful life as given above best represent the period over which the management expects to use these assets, based on technical assessment. Hence, the useful life for the assets is different from the useful life prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) Fair value measurement

The company records certain financial assets and liabilities at fair value on a recurring basis. The company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS 113, assets and liabilities are to be measured based on the following valuation techniques:

- a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach - Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c) Cost approach - Replacement cost method.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

f) Revenue Recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to contracts providing maintenance and support services, is recognized over the term of the contract.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the Percentage of Completion method (POC). The cost incurred on the projects is used to measure progress towards completion. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the period in which they are identified. Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current cost estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of services and classified in other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

g) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

h) Inventories

Stock in trade, stores and spares are valued at the lower of the cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

Cost of stock in trade procured for specific projects is assigned by identification of individual costs of each item. Cost of stock in trade, that are interchangeable and not specific to any project and cost of stores and spare parts are determined using the weighted average cost formula.

i) Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable company and the same taxation authority.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

As at 31 December 2017, the company is having profit and virtual certainty that sufficient future taxable income will be available to utilize DTA on losses, accordingly Company has recognized DTA on losses.

j) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

(ii) Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank Overdrafts.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

k) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of a dilutive potential equity shares

l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m) Retirement and other employee benefits

Contributions to defined contribution plans are recognized as expense when employees have rendered services entitling them to such benefits.

n) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents in balance sheet comprises cash at banks and on hand, which are subject to an insignificant risk of changes in value.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.



Significant accounting policies and notes to financial statements for the year ended 31 December 2017

q) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Notes to financial statements for the year ended 31 December 2017

2.1 Property, plant and equipment

The changes in the carrying value for the year ended 31 December 2017

	Computers	Office Equipment	Furniture And Fixture	Plant and equipment	Total	Computers	Office Equipment	Furniture And Fixture	Plant and equipment	Total
	(CZK)	(CZK)	(CZK)	(CZK)	(CZK)	(€)	(€)	(€)	(€)	(€)
Gross block as at 1 January 2017	1,473,614	3,209,426	4,335,262	216,389	9,234,691	4,414,357	9,614,158	12,986,712	648,215	27,663,441
Additions	725,343	-	-	-	725,343	2,172,838	-	-	-	2,172,838
Disposal	1,473,614	3,209,426	4,335,262	216,389	9,234,691	4,414,357	9,614,158	12,986,712	648,215	27,663,441
Gross block as at 31 December 2017	725,343	-	-	-	725,343	2,172,839	-	-	-	2,172,839
Accumulated depreciation as at 1 January 2017	295,769	520,748	539,629	19,742	1,375,888	886,006	1,559,953	1,616,513	59,139	4,121,611
Charge for the year	188,907	265,008	254,517	8,952	717,384	565,891	793,858	762,430	26,817	2,148,995
Disposal	443,890	785,756	794,146	28,694	2,052,486	1,329,717	2,353,811	2,378,943	85,955	6,148,426
Accumulated depreciation as at 31 December 2017	40,787	-	-	-	40,787	122,181	-	-	-	122,181
Net block as at 31 December 2017	684,556	-	-	-	684,556	2,050,658	-	-	-	2,050,658

The changes in the carrying value for the year ended 31 December 2016

	Computers	Office Equipment	Furniture And Fixture	Plant and equipment	Total
	(CZK)	(CZK)	(CZK)	(CZK)	(CZK)
Gross block as at 1 January 2016	-	-	-	-	-
Additions	1,473,614	3,209,426	4,335,262	216,389	9,234,691
Disposal	-	-	-	-	-
Gross block as at 31 December 2016	1,473,614	3,209,426	4,335,262	216,389	9,234,691
Accumulated depreciation as at 1 January 2016	-	-	-	-	-
Charge for the year	295,769	520,748	539,629	19,742	1,375,888
Disposal	-	-	-	-	-
Accumulated depreciation as at 31 December 2016	295,769	520,748	539,629	19,742	1,375,888
Net block as at 31 December 2016	1,177,845	2,688,678	3,795,633.00	196,647	7,858,803



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Notes to financial statements for the year ended 31 December 2017

2.2 Other financial assets

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Non - current			
Carried at amortized cost			
Security Deposit	-	1,838,493	-
	-	1,838,493	-
Current			
Carried at amortized cost			
Interest receivable- related parties (Refer Note 2.20)	-	2,025	-
Unbilled revenue	3,351,202	639,204	10,038,861
Unbilled revenue-related parties (Refer Note 2.20)	526,878	7,510,366	1,578,316
Other receivables-related parties (Refer Note 2.20)	2,938,046	-	8,801,211
	6,816,126	8,151,595	20,418,388

2.3 Inventories

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Stock in trade	17,130	-	51,315
	17,130	-	51,315

2.4 Trade Receivable

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Unsecured considered good (refer note below)	47,914,534	25,296,642	143,532,778
Unsecured considered doubtful	-	-	-
	47,914,534	25,296,642	143,532,778
Provision for doubtful receivables	-	-	-
	47,914,534	25,296,642	143,532,778

Note:-

1. Includes receivables from related parties amounting to CZK 20,586,283 (31 December 2016 : 19,120,267) (refer note 2.20)

2.5 Cash and cash equivalent

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Balance with banks			
- in current accounts	-	13,541,153	-
	-	13,541,153	-

2.6 Other current assets

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Unsecured , considered good			
Advances other than capital advances			
Advances to employees	475,013	-	1,422,949
Others			
Duties & Taxes Recoverable	2,641,722	1,496,804	7,913,542
Other receivables	187,050	-	560,327
	3,303,785	1,496,804	9,896,818



2.7 Share Capital

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Authorized 33,245,535 (Previous year 33,245,535) basic shares of CZK 1 each	33,245,535	33,245,535	99,590,325
Issued, subscribed and fully paid up 18,245,535 (Previous year 18,245,535) basic shares of CZK 1 each	18,245,535	18,245,535	54,656,325

Terms/ rights attached to basic shares

The Company has only one class of shares referred to as basic shares having a par value of CZK 1/-. Each holder of basic shares is entitled to one vote per share.

In the event of liquidation of the company, the share holders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of basic shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at			
	31 December 2017		31 December 2016	
	No. of shares	Amount (CZK)	No. of shares	Amount (CZK)
Number of shares at the beginning	18,245,535	18,245,535	1,365,000	1,365,000
Add: Shares issued during the year	-	-	16,880,535	16,880,535
Number of shares at the end	18,245,535	18,245,535	18,245,535	18,245,535

Shares held by holding Company :-

Name of the shareholder	As at			
	31 December 2017		31 December 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
basic shares of CZK 1 each fully paid HCL Tehnologies UK limited, the holding company	18,245,535	100%	18,245,535	100%

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at			
	31 December 2017		31 December 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
basic shares of CZK 1 each fully paid HCL Tehnologies UK limited, the holding company	18,245,535	100%	18,245,535	100%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Notes to financial statements for the year ended 31 December 2017

2.8 Borrowings

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Unsecured			
Bank Overdraft	9,226,888	-	27,640,066
Loan from related party (Refer Note 2.20)	-	13,510,500	-
	9,226,888	13,510,500	27,640,066

Note:

Current borrowings were primarily on account of bank overdrafts required for management of working capital. The Company has availed bank line of credit at over night interest rate of PRIBOR plus 100 basis point.

2.9 Trade payables

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Trade payables	883,954	361,811	2,647,973
Trade payables-related parties (Refer Note 2.20)	13,974,739	11,461,999	41,862,728
	14,858,693	11,823,810	44,510,701

2.10 Other financial liabilities

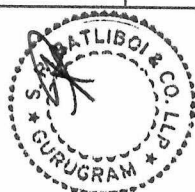
	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Current			
Carried at amortized cost			
Accrued salaries and benefits			
Other benefits payable	285,133	12,456	854,144
Others			
Liabilities for expenses	27,032,610	15,361,492	80,978,887
Liabilities for expenses-related parties (Refer Note 2.20)	37,361	571,845	111,919
Advance received from related parties (Refer Note 2.20)	-	672,449	-
Other payables to related parties (Refer Note 2.20)	-	1,449,380	-
	27,355,104	18,067,622	81,944,950

2.11 Other current liabilities

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Revenue received in advance	-	204,160	-
Others			
Social contribution payable	139,849	204,099	418,932
Withholding and other taxes payable	401,145	122,195	1,201,670
	540,994	530,454	1,620,602

2.12 Provisions

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Current			
Provision for employee benefits			
Provision for leave benefits	888,851	109,692	2,662,642
	888,851	109,692	2,662,642



2.13 Revenue from operations

	Year ended	Year ended	Year ended
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Sale of services	180,988,724	44,528,482	542,169,822
Sale of hardware and software	12,258	-	36,720
	181,000,982	44,528,482	542,206,542

2.14 Changes in inventories of stock in trade

	Year ended	Year ended	Year ended
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Opening stock	-	-	-
Closing stock	(17,130)	-	(51,316)
	(17,130)	-	(51,316)

2.15 Employee benefits expense

	Year ended	Year ended	Year ended
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Salaries, wages and bonus	15,843,998	966,798	47,462,280
Contribution to employee benefits funds	1,385,271	286,034	4,149,718
Leave encashment	785,830	87,057	2,354,032
Other welfare expenses	1,887,919	168,387	5,655,450
	19,903,018	1,508,276	59,621,480

2.16 Finance cost

	Year ended	Year ended	Year ended
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Interest Expense			-
-on loans from banks	100,731	33	301,750
-others	89,023	183,277	266,677
Bank charges	198,771	26,016	595,438
	388,525	209,326	1,163,865

2.17 Other expenses

	Year ended	Year ended	Year ended
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Rent	8,000,861	3,941,040	23,967,379
Repairs and maintenance			
- Buildings	2,343,546	1,754,354	7,020,326
- Others	555,789	722,244	1,664,922
Communication costs	270,427	124,056	810,091
Travel and conveyance	1,191,077	643,331	3,567,990
Advertisement and Business Promotion	19,751	94,050	59,166
Legal and professional charges	3,200,674	2,406,303	9,587,939
Printing and Stationery	-	255,513	-
Power & Fuel	614,292	1,835,925	1,840,173
Recruitment, training and development	796,159	18,095	2,384,974
Exchange differences (net)	7,315,104	537,394	21,913,126
Loss on sale of property, plant and equipments	4,119,297	-	12,339,766
Miscellaneous expenses	2,490,113	-	7,459,383
	30,917,090	12,332,305	92,615,235



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.
Notes to financial statements for the year ended 31 December 2017

2.18 Income taxes

	Year ended 31 December 2017 (CZK)	Year ended 31 December 2016 (CZK)	Year ended 31 December 2017 (₹)
Income tax charged to statement of profit and loss			
Deferred tax charge (credit)	(1,442,559)	-	(4,321,330)
Adjustment in respect of prior year	(713,799)	-	(2,138,257)
	(2,156,358)	-	(6,459,587)

The reconciliation between the provision for income tax and amount computed by applying the statutory income tax rate is as follows:

	Year ended 31 December 2017 (CZK)	Year ended 31 December 2016 (CZK)	Year ended 31 December 2017 (₹)
Profit before income tax	(8,275,810)	(3,157,017)	(24,791,018)
Statutory tax rate	19%	19%	19%
Expected tax expense	(1,572,404)	-	(4,710,293)
Adjustment in respect of prior year	(713,799)	-	(2,138,257)
Permanent difference	129,845	-	388,963
Total taxes	(2,156,358)	-	(6,459,587)
Effective income tax rate	26%	0%	26%

Components of deferred tax assets and liabilities as on 31 December 2017

(Amount in CZK)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for Leave Encashment	-	168,882	168,882
Business Losses	-	1,916,916	1,916,916
Employee payable	-	4,611	4,611
Provision for expenses	-	58,200	58,200
Depreciation	-	7,749	7,749
Deferred tax assets	-	2,156,358	2,156,358

(Amount in ₹)

	Opening balance	Recognized in profit and loss	Closing balance
Deferred tax assets			
Provision for Leave Encashment	-	505,902	505,902
Business Losses	-	5,742,313	5,742,313
Employee payable	-	13,811	13,811
Provision for expenses	-	174,345	174,345
Depreciation	-	23,216	23,216
Deferred tax assets	-	6,459,587	6,459,587

As at 31 December 2016, the company was having cumulative losses and in the absence of virtual certainty that sufficient future taxable income will be available to utilize DTA on losses, Company had not recognized DTA on losses.

2.19 Segment Reporting

The company operations predominantly relate to providing a range of IT services. IT services include software services & IT infrastructure management services. Within software services, the company provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services to several customers. Infrastructure management services involve managing customer's IT assets effectively.

The Chief Operating Decision Maker ("CODM") evaluates the company performance by business segment, comprising software services, infrastructure management services and business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting.

Segment revenue from customers by geographical area based on geographical location of the customer and segment assets are by geographical location of the assets. The principal geographical segments of the company have been classified as America, Europe, India and others.

The CODM assesses the performance of the operating segments based on a measure of segment earnings.



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Notes to financial statements for the year ended 31 December 2017

2.19 Segment Reporting (Continued)

Segment accounting policies

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in note 1 to the financial statements on significant accounting policies. The accounting policies in relation to segment accounting are as under:

a) Segment revenue and expenses

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification. However, segment revenue does not include other income. Segment expenses does not include finance cost and exchange difference.

b) Segment assets and liabilities

Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to total assets and liabilities.

(Amount in CZK)

Financial information about the business segments for the period ended 31 December 2017 is as follows :			
	Software services	Infrastructure services	Segment Total
Segment Revenue	155,854,018	25,146,964	181,000,982
Segment Results	1,447,016	283,455	1,730,472
Unallocated corporate Expenses			2,302,651
Exchange difference			7,315,106
Finance cost			388,525
Profit/(loss) before taxes			(8,275,810)
Tax Expense			2,156,358
Profit/(loss) for the year			(6,119,452)

(Amount in ₹)

Financial information about the business segments for the period ended 31 December 2017 is as follows :			
	Software services	Infrastructure services	Segment Total
Segment Revenue	466,876,297	75,330,244.64	542,206,542
Segment Results	4,334,685	849,119	5,183,804
Unallocated corporate Expenses			6,897,822
Exchange difference			21,913,130.04
Finance cost			1,163,865
Profit/(loss) before taxes			(24,791,013)
Tax Expense			6,459,585
Profit/(loss) for the year			(18,331,428)

During the year ended 31 December 2016 in the opinion of the management there is no separable segment as envisaged in the Ind AS-108 "Operating Segments" notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended). Accordingly no disclosure for segment reporting have been included in these financial statements for previous year.

Segment Revenue from customers by geographic area based on location of the customer is as follows:

	Year ended		
	31 December 2017	31 December 2016	31 December 2017
	(Twelve months)	(Twelve months)	(Twelve months)
	(EUR)	(EUR)	(₹)
America	118,069,388	2,009,603	353,688,657
Europe	49,445,628	35,065,719	148,119,323
India	13,124,227	7,453,160	39,314,934
Others	361,740	-	1,083,628
	181,000,982	44,528,482	542,206,542

During the years ended 31 December 2017 and 2016, two customers and one customer respectively represent 10% or more of the company's total revenue and accounted for 21% and 24% respectively.



2.20 Related party transaction

a) Related parties where control exists

Holding company

HCL Technologies UK limited

Ultimate Holding company

HCL Technologies Limited

b) Related Party with whom transactions have taken place during the year

Holding company

HCL Technologies UK limited

Ultimate Holding company

HCL Technologies Limited

Fellow Subsidiaries

HCL Technologies UK Limited
HCL Technologies Ltd.
HCL America Inc.
HCL Great Britain Ltd.
Axon Solutions Ltd
HCL (Netherlands) B.V.
HCL GmbH
HCL AXON MALAYSIA SDN BHD
HCL AXON TECH. INC - SD
HCL Istanbul Bilisim Teknolojileri Limited Sirketi
HCL Singapore Pte Limited
HCL Tech Norway AS
HCL Hong Kong SAR Limited
HCL Tech. Italy S.p.A.
HCL Tech.Solutions GmbH
HCLT (Shanghai) Ltd.
HCL Technologies Sweden AB
HCL Belgium N.V./S.A.

c) Transaction with related parties

	Interest Expense			Revenue from Operation			Consulting Charges		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2017	2016	2017	2017	2016	2017	2017	2016	2017
	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(€)
HCL Technologies UK Limited	131,959	183,277	395,295	-	-	-	402,598	-	1,206,022
HCL Technologies Ltd.	-	-	-	13,124,227	7,453,160	39,314,934	8,768,170	11,948,243	26,265,929
HCL America Inc.	-	-	-	94,235,927	2,009,603	282,293,142	-	-	-
HCL Great Britan Ltd.	-	-	-	1,252,378	1,213,989	3,751,623	3,245,312	-	9,721,656
Axon Solutions Ltd	-	-	-	2,098,004	-	6,284,781	-	-	-
HCL (Netherlands) B.V.	-	-	-	2,569,508	-	7,697,220	-	-	-
HCL GmbH	-	-	-	983,630	-	2,946,562	-	-	-
HCL AXON MALAYSIA SDN BHD	-	-	-	-	-	-	176,867	-	529,822
HCL AXON TECH. INC - SD	-	-	-	-	-	-	95,461	-	285,964
HCL Istanbul Bilisim Teknolojileri Limited Sirketi	-	-	-	-	-	-	406,235	-	1,216,918
HCL Singapore Pte Limited	-	-	-	-	-	-	444,800	-	1,332,442
HCL Tech Norway AS	-	-	-	-	-	-	630,858	-	1,889,799
HCL Hong Kong SAR Limited	-	-	-	4,949	-	14,825	-	-	-
HCL Tech. Italy S.p.A.	-	-	-	554,979	-	1,662,495	-	-	-
HCL Tech.Solutions GmbH	-	-	-	221,327	-	663,007	332,961	-	997,417
HCLT (Shanghai) Ltd.	-	-	-	356,791	-	1,068,803	-	-	-
HCLTechnologies Sweden AB	-	-	-	503,149	-	1,507,232	-	-	-
HCL Belgium N.V./S.A.	-	-	-	9,017,987	22,599,798	27,014,282	196,362	-	588,223
Total	131,959	183,277	395,295	124,922,856	33,276,550	374,218,906	14,699,624	11,948,243	44,034,193

	Loan converted into equity during the year			Loan taken during the year			Loan Repaid		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2017	2016	2017	2017	2016	2017	2017	2016	2017
	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(€)
HCL Technologies UK Limited	-	17,395,700	-	-	29,871,200	-	13,510,500	-	40,472,054
Total	-	17,395,700	-	-	29,871,200	-	13,510,500	-	40,472,054



	Borrowing				Advance Received				Trade Receivables				Interest Receivables				Other Receivables			
	As at				As at				As at				As at				As at			
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016				
	(CZK)	(CZK)	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(CZK)	(CZK)	(€)	(CZK)	(CZK)	(CZK)	(CZK)	(CZK)	(CZK)				
	-	13,510,500	-	-	-	-	-	-	-	-	2,025	-	-	-	-	-				
HCL Technologies UK Ltd.	-	-	-	-	-	6,201,060	-	-	18,575,806	-	-	-	-	-	-	-				
HCL Technologies Ltd	-	-	-	-	-	9,372,123	-	-	26,075,133	-	-	-	-	-	-	-				
HCL America Inc.	-	-	-	-	-	2,098,004	-	-	6,284,781	-	-	-	-	-	-	-				
HCL (Netherlands) B.V.	-	-	-	-	-	1,622,984	-	-	4,861,810	-	-	-	-	-	-	-				
HCL GREAT BRITAIN Ltd.	-	-	-	-	-	376,763	-	-	1,129,630	-	-	-	-	-	-	-				
HCL Hong Kong SAR Limited	-	-	-	-	672,449	3,579	-	-	10,721	-	-	-	-	-	2,908,322	8,712,170				
HCL Tech. India S.p.A.	-	-	-	-	-	554,979	-	-	1,662,495	-	-	-	-	-	-	-				
HCLT (Shanghai) Ltd.	-	-	-	-	-	356,791	-	-	1,068,803	-	-	-	-	-	-	-				
HCL Belgium NV/S.A	-	-	-	-	-	-	-	-	10,031,060	-	-	-	-	-	-	-				
Total	-	13,510,500	-	-	672,449	20,586,383	16,879,478	20,586,383	61,668,269	-	2,025	-	2,930,946	2,240,789	-	8,801,211				



2.21 Earnings per basic share (EPS)

Particulars	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Net loss as per statement of profit and loss for computation of EPS	(6,119,452)	(3,157,017)	(18,331,428)
Weighted average number of equity shares outstanding in calculating Basic and dilutive EPS	18,245,535	10,773,823	18,245,535
Nominal value of basic shares	1	1	2,995.60
Loss per basic share			
- Basic and Diluted	(0.34)	(0.29)	(1.00)

2.22 Operating lease

The entity's significant leasing arrangements are in respect of operating leases for office spaces. The aggregate lease rental expense recognized in the statement of profit and loss for the year amounts to CZK 8,000,861 (31 December 2016, CZK 3,941,040)

Future minimum lease payments and the payment profile of non-cancellable operating leases are as follows:

Particulars	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Not later than one year	-	4,002,624	-
Later than one year and not later than 5 years	-	3,335,520	-
Later than five years	-	-	-

2.23 Financial Instruments

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 December 2017 is as follows:

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(CZK)	(CZK)	(₹)	(₹)
Financial Assets				
Trade Receivables	47,914,534	47,914,534	143,532,778	143,532,778
Others (refer note 2.2)	6,816,126	6,816,126	20,418,388	20,418,388
Total	54,730,660	54,730,660	163,951,166	163,951,166
Financial Liabilities				
Borrowings	9,226,888	9,226,888	27,640,066	27,640,066
Trade Payables	14,858,693	14,858,693	44,510,701	44,510,701
Others (refer note 2.9)	27,355,104	27,355,104	81,944,950	81,944,950
Total	51,440,685	51,440,685	154,095,717	154,095,717

The carrying value of financial instruments by categories as at 31 December 2016 is as follows:

	Amortized Cost	Total Carrying Value
	(CZK)	(CZK)
Financial Assets		
Trade Receivables	25,296,642	25,296,642
Cash and Cash Equivalents	13,541,153	13,541,153
Others (refer note 2.2)	9,990,089	9,990,089
Total	48,827,884	48,827,884
Financial Liabilities		
Borrowings	13,510,500	13,510,500
Trade Payables	11,823,810	11,823,810
Others (refer note 2.9)	18,067,622	18,067,622
Total	43,401,932	43,401,932

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company has a risk management policy to manage & mitigate these risks.

The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.



HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Notes to financial statements for the year ended 31 December 2017

2.23 Financial Instruments (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than foreign currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in CZK. The fluctuation in exchange rates in respect to CZK may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately CZK 150,016 for the year ended 31 December, 2017.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company and its branches. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 December, 2017 and 31 December, 2016 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(CZK)	(CZK)	(CZK)	(CZK)
USD/CZK	17,732,030	5,188,241	450,920	237,706
GBP/CZK	-	-	1,335,477	-
EUR/CZK	14,313,469	16,212,600	14,844,501	48,038,473

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

2.24 Capital commitments

	As at		
	31 December 2017	31 December 2016	31 December 2017
	(CZK)	(CZK)	(₹)
Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	20,281	-	60,754

3 Previous year comparatives

Previous year figures have been regrouped/ reclassified to the current years classification wherever necessary.

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number : 301003E/E300005

Chartered Accountants

per Nilangnu Katriar
Partner
Membership Number: 58814

Gurgaon, India
Date: 12 July 2018

For and on behalf of the Board of Directors

HCL TECHNOLOGIES CZECH REPUBLIC s.r.o.

Bejoy George
Director

Shiv Walia
Director

Date: 12 July 2018